Union Bancaire Privée is ready for all Brexit eventualities

(Interview by Federico Rapini, AWP)

Geneva (AWP) – Union Bancaire Privée (UBP) anticipated the uncertainties surrounding future relations between the United Kingdom and the European Union. By expanding in London with the acquisition of ACPI and maintaining a strong presence in Luxembourg, the Geneva bank is prepared for any outcome, as its CEO Guy de Picciotto explained to AWP.

AWP: With UBP having just expanded in London, are you concerned about Brexit, which to date is due on 12 April?
Guy de Picciotto: I don't believe financial activities in London will be fundamentally affected. The City will remain a choice financial centre for very wealthy people. If the UK keeps hold of its European passport, we will be able to run our activities in Europe out of London. If not, it'll be out of Luxembourg. We will adapt.

AWP: Last year UBP made two acquisitions – ACPI in London and Carnegie in Luxembourg. Are you going to keep up that pace in 2019?
Acquisitions aren't something you plan ahead. However, I do think that the consolidation of the banking sector in Switzerland is coming to an end. Partly because the banks that had to pull out have done so. And partly because financial markets are currently favourable for wealth management and the wave of new regulations has passed. At least until the next one.

AWP: Does that mean you're looking to make acquisitions abroad?
Not necessarily. We had been wanting to grow our footprint in London for a while. In ACPI we found an investment management company that met all our criteria. As regards Carnegie in Luxembourg, it was more an opportunity to grow in a financial centre that is going to play an increasingly important role as a European hub, and Switzerland has yet to obtain access to that market.

AWP: Was the Carnegie acquisition a contingency plan in case of a hard Brexit?
No, it was a way of strengthening our European hub in Luxembourg. But both London and Luxembourg are indeed contingency plans in case Switzerland does not gain access to the European market.

AWP: Do you see any further acquisition opportunities in the current context?
There are always openings. We go through each case and consider it if we find the candidate complements us well. We focus particularly on deals of between 5 and 30 billion in assets, depending on the location. So the scope is broad. I would like to make an acquisition in Asia but there are very few opportunities there.

AWP: Why is that?
The local players are well established and are developing their businesses. Some foreign groups left Singapore and Hong Kong but at the time we were busy integrating the Coutts teams and clients (acquired in 2016). We did not take those opportunities, but they were also perhaps a little too expensive.

AWP: What resources do you have for such transactions?
We have a lot of capital, easily enough to pay the goodwill (added value in an acquisition) if we were taking over clients or a company. We also have the capacity to perform an IT integration fast, which is a clear advantage.

AWP: Have you adjusted your strategy since the stock market turmoil last December?
There wasn't just the fall in December, which was surprising and unpredictable. The downturn started in September and at the time we cut back risk by gradually reducing our portfolio allocation to equities. However, it would be very difficult not to invest in equity markets given that they have been posting 10% performances since January. If we don't make those returns now, I don't know when we will.

AWP: Going back to Asia, you were recently granted a wholesale licence in Singapore. Does that market have high potential?

To me Hong Kong and Singapore go together. They are two hubs on a continent which is undoubtedly where most of the world’s wealth is being created, and where China has the appeal that the US had a few years ago. Asia is undeniably the continent of the future.

AWP: When you bought Coutts, you were managing CHF 8 billion in assets in Asia. How much is it now?
We have a total of CHF 23 billion in private and institutional clients’ assets under management in Asia. Private banking now accounts for over CHF 15 billion. As a new pure player there, we were able to attract top teams to strengthen our existing workforce and that has enabled us to substantially broaden our footprint in the region.

AWP: The Middle East is also one of your priorities. How much in assets do you manage there?
We do not give out details by market, but the region is our second- or third-fastest growing market. We recruited seven new staff at our Dubai office at the end of last year.

AWP: What is the outlook for 2019?
Market volatility and the rebound in January and February meant clients took profits at the start of this year, but I expect a slowdown in the coming months. The big investments we made in 2018 should pay off this year. As for our budget, it's in line with last year’s.